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IDEALIST

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0511-62

Copy 4 of 5

19 March 1962

MEMORANDUM FOR: Deputy Director (Research)

THROUGH : Acting Chief, DPD-DD/R *Joe. Jr.*

SUBJECT : Hycon Corporation, Proposed Report to Stockholders

25X1A5a1 REFERENCE : Ltr from [REDACTED] dtd 12 March 1962

1. Paragraph 6 of this memorandum contains a recommendation for your approval.

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2. A review of the proposed Hycon Corporation release to its stockholders as outlined in [REDACTED] letter in itself would reveal nothing inherently objectionable from a security standpoint with the exception of the following two admittedly rather vague areas:

a. The Hycon Corporation B configuration is still being utilized as the primary U-2 camera system at both Detachments G and H. Contracts still exist for both field representative and factory servicing. Care must necessarily be exerted to ensure that publication of the Hycon Corporation statement does not surface existing contracts and result in the revelation of current IDEALIST activities.

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b. Much U-2 denied area photography has since May 1960 been released from the special product control system on a [REDACTED] basis under procedures approved by the USIB which include the aspect that the photography so released would not be confirmed as coming from U-2 source. A comparison of resolution, etc. of Hycon Corporation released photography with such released [REDACTED] photography would conceivably confirm U-2 source to the user.

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3. This office is in full sympathy with the natural desire of [REDACTED] to inform Hycon Corporation stockholders of this significant achievement on the part of the Corporation. From a pure security standpoint this office would concur in the proposed

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4. This office is concerned however, that approval of the Hycon Corporation statement would open a "Pandora's Box" in that it would be quite natural for other agency industrial suppliers to request similar authority. (Prior to granting Hycon Corporation authority outlined in attached [REDACTED] (OUT 68629) it was necessary for the agency to canvass the other suppliers regarding this matter.) The result could be a broad insight on the part of all into contractual procedures used by the agency in the U-2 program. These procedures are presently being applied to other sensitive agency projects. These procedures do not provide, as in the case of DOD contractual lettings, provision for competitive bidding.

5. Attached are some prior correspondence pertaining to the security of the B configuration camera which example some of the considerations previously given to Hycon Corporation. Whereas the correspondence reveals that the agency has always given due regard to the reasonable requests of that company, it is not presumed that it should influence the decision as to the advisability from a security standpoint of permitting or not permitting the release.

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6. Considering all aspects it is recommended that [REDACTED] be informed that the agency prefers that the proposed announcement to the stockholders not be made.

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25X1A2c [REDACTED]

Security Officer  
CIA

Recommendation in paragraph 6 APPROVED:

/s/  
HERBERT BOOVILLE, JR.  
Deputy Director (Research)

Attachments:

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62, Cy 2  
, Cy 2, 12 Nov 59  
(OUT 68629) 23 Jun 60  
(IN 26594) 6 Jun 60

Distribution:

- 1 - BSO/CIA
  - 2 - DD/R
  - 3 - AC/DPD
  - 4 - Asst C/DPD
  - 5 - RI/DPD
- [REDACTED] /ap (19 Mar 62)

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